

**Kalamazoo Public Library
General Operating Fund
Preliminary Budget
Fiscal year Ending June 30, 2007**

	FY 05/06 Preliminary Budget	FY 05/06 Close Estimate Budget	FY 06/07 Preliminary Budget	<u>Variance</u>	<u>%</u>
<u>Revenue</u>					
Property Taxes	\$ 10,102,851	\$ 10,137,752	\$ 10,693,008	\$ 555,256	5.5%
State Grants	\$ 378,259	\$ 378,259	\$ 378,259	\$ -	0.0%
Charges for Services	\$ 137,500	\$ 141,500	\$ 141,500	\$ -	0.0%
District Court Penal Fines	\$ 260,000	\$ 260,000	\$ 260,000	\$ -	0.0%
Other Revenue	\$ 213,762	\$ 240,857	\$ 226,107	\$ (14,750)	-6.1%
Total Revenue	\$ 11,092,372	\$ 11,158,368	\$ 11,698,874	\$ 540,506	4.8%
<u>Expenditures</u>					
Salaries & Benefits	\$ 6,292,914	\$ 6,263,574	\$ 6,636,005	\$ (372,431)	-5.9%
Materials	\$ 1,046,920	\$ 1,040,169	\$ 1,069,295	\$ (29,126)	-2.8%
Utilities	\$ 221,856	\$ 228,256	\$ 227,423	\$ 833	0.4%
Supplies	\$ 180,584	\$ 180,834	\$ 190,975	\$ (10,141)	-5.6%
Buildings	\$ 143,627	\$ 142,627	\$ 163,125	\$ (20,498)	-14.4%
Furniture & Equipment	\$ 128,854	\$ 121,165	\$ 133,440	\$ (12,275)	-10.1%
Other	\$ 1,358,664	\$ 1,390,294	\$ 1,438,076	\$ (47,782)	-3.4%
Total Operating Expenditures	\$ 9,373,419	\$ 9,366,919	\$ 9,858,339	\$ (491,420)	-5.2%
Excess (Deficiency) of Revenue Over Expenditures	\$ 1,718,953	\$ 1,791,449	\$ 1,840,535	\$ 49,086	
Operating Transfers Out					
Transfers to/from Other Funds/Prior adjustments	\$ 15,815	\$ (50,778)	\$ (5,507)	\$ 45,271	
Transfers to Capital Improvement Plan	\$ 200,000	\$ 420,000	\$ 400,000	\$ 20,000	
Transfer to Bond Issues Debt Service	\$ 1,977,000	\$ 1,600,000	\$ 1,590,000	\$ 10,000	
Total Expenditures & Transfers	\$ 11,566,234	\$ 11,336,141	\$ 11,842,832	\$ (416,149)	
Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses	\$ (473,862)	\$ (177,773)	\$ (143,958)	\$ 33,815	
Beginning Fund Balance	\$ 3,330,913	\$ 3,217,533	\$ 3,039,760	\$ (177,773)	
Fund Balance Reserves					
Reserve for Cash Flow	\$ 2,450,000	\$ 2,550,000	\$ 2,650,000	\$ (100,000)	
Reserve for Tax Appeals Pending	\$ 115,000	\$ 115,000	\$ 115,000	\$ -	
Total Reserves	\$ 2,565,000	\$ 2,665,000	\$ 2,765,000	\$ (100,000)	
Unreserved Fund Balance	\$ 292,051	\$ 374,760	\$ 130,802	\$ (243,958)	
Audited Variance to Budget					
Total Ending Fund Balance	\$ 2,857,051	\$ 3,039,760	\$ 2,895,802	\$ (143,958)	

Kalamazoo Public Library's Property Tax Revenue is based upon a maximum allowable 3.9583 mills levied for operating purposes. The 3.9583 millage rate results from the effect of the Headlee rollback provision of MCL 211.34d upon the maximum authorized rate of 4.0 mills.

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Kalamazoo Public Library's Preliminary Budget for fiscal year 2006-2007 is based upon Taxable Value growth of 5.59% overall within the district as reported by the Kalamazoo County Equalization Office, including a state established inflation rate of 3.3%. The other adjustments to revenue items are based upon notices received from taxing entities regarding tax abatements, the new contractual agreements with Kalamazoo County for the Law Library, and adjustments for increasing interest rates.

The overall Preliminary Budget for fiscal year 2006-2007 projects a net deficiency of revenue and other sources over expenditures of \$143,958, resulting in a net use of unreserved fund balance of \$243,958 after the addition of \$100,000 in reserves for operational cash flow until the tax levy in December. It is anticipated that the reduction in unreserved fund balance will be completely restored after the results of fiscal year 2005-2006 are complete and budgetary reserves are released. The Total Ending Fund Balance projected as of the end of the Preliminary Budget for 2006-2007 is \$2,895,802. Primary impacts to expenditure projections for the year include an estimated 12% increase in medical insurance costs, an increase from 16.34% to 17.74% in the Michigan Public School Employees Retirement System contribution rate, the increase in energy costs and petroleum based products, and programming and materials directed toward patron services.